

THE MEDICAID MANAGEMENT EXCHANGE-MMX



ADMINISTRATIVE NOTES ON MEDICAID MANAGEMENT

CLEARINGHOUSE

MAY 1978

ISSUE #2

NEWS IN BRIEF

National Medicaid Symposium

THE INSTITUTE FOR MEDICAID MANAGEMENT (IMM) will conduct a national symposium on Medicaid for State legislators and other interested public officials at the Washington Hilton, Washington, D.C., June 21-23, 1978. This conference will provide up-to-date information on budgetary matters, reimbursement procedures, operations, and functions and priorities of the Medicaid program at both the Federal and State levels. The symposium is being planned to promote discussion of current Medicaid issues.

The discussions will be led by Federal and State staff with long-standing expertise in the field of health care financing. The major subject areas of the meeting will be "management," eligibility, and long term care. Other topics will be discussed in "special focus" workshops.

For further information contact Alicia Coro at (202) 245-0734 or write the IMM.

South Carolina Upgrades Medicaid Unit

AN EXTENSIVE REORGANIZATION OF SOUTH CAROLINA's Department of Social Services was recently announced by the new Commissioner of the agency, Virgil L. Conrad. Under the new organization plan, the Medicaid Director will report directly to the Commissioner. The upgrading of the medical assistance unit marks the first time that Medicaid has achieved this level of prominence in the Department.

Fraud Investigation Function Moved

THE HEW CRIMINAL INVESTIGATION function for Medicaid and Medicare fraud cases, formerly located in HCFA's Office of Program Integrity (OPI), is being moved to HEW's Office of the Inspector General. The 1976 statute creating the Inspector General's (IG) office gave the IG responsibility for all HEW criminal investigations.

Under the realignment, OPI will have responsibility for initially identifying cases of possible fraud, and developing them to the point where it is obvious that a full-scale investigation is needed, at which point the case is turned over to the IG for further investigation. This function will be housed in the Office of Investigation, a component of the Office of the Inspector General. Planning for the reorganization is currently underway.

Northern Mariana Islands

THE NORTHERN MARIANA ISLANDS plans to apply for Medicaid, and are developing a preliminary draft of a State Medicaid plan. There is no firm timetable yet for implementation.

The Northern Mariana Islands (NMI) consists mainly of the islands of Saipan, Tinian and Rota, and has a population of about 15,000. It is anticipated that up to two-thirds of the population might qualify for Medicaid. The NMI still needs to develop a rational "standard of need" schedule to cover what will be a broad category of "medically needy," as NMI doesn't plan to have AFDC categorical linkage.

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MMIS UPDATENew York City MMIS

SINCE BRADFORD NATIONAL CORPORATION started claims payment for physicians and clinics in NEW YORK CITY, there has been a sharp drop in billing and payments for these provider groups. Although the reasons for this are not fully known, it is speculated that they include: less duplicate filing, since Bradford has been paying promptly; rejection of duplicates by Bradford; and concern by providers that the MMIS will more readily spot over and misutilization. It is not known if the down-trend will continue.

Mississippi Changes Law

THE MISSISSIPPI LEGISLATURE PASSED, and the Governor signed a bill enabling the Medicaid Commission to extend fiscal agent RFPs to prospective bidders other than insurance companies, beginning January 1, 1979. State law previously limited fiscal agents to insurance companies licensed to do business in Mississippi.

Nevada Plans MMIS

NEVADA IS PLANNING TO UPGRADE its claims processing system to meet MMIS certification standards. A study is underway to determine the feasibility of system improvements required to meet MMIS certification standards, and the State has requested technical assistance in preparing an Advanced Planning Document (APD) from the Medicaid Bureau Regional Office in San Francisco.

Nevada is also researching whether or not all Medicaid systems functions should be performed in-house. Currently, all claims are processed in-house, but the pre-edit functions and post-payment audits are contracted out.

California RFP Update

THE CALIFORNIA MEDI-CAL PROCUREMENT PROJECT (MCPPE) is currently evaluating the technical proposals submitted in response to their October 1977 request for proposal (RFP). The five bidding companies completed oral presentations to the State in March, and on-site reviews of bidders' facilities by State staff were completed in April.

California is using a two-step procurement process. The first step involves a review of whether proposals meet mandatory system requirements, and a detailed technical evaluation, with provisions for proposal clarification. The second step consists of an invitation to bid to technically qualified proposers, and a cost evaluation of those bids.

Six proposals were received from five firms, with Blue Shield Service Corp. submitting a base and alternate proposal. The contractors submitting bids and their subcontractors are:

<u>Prime</u>	<u>Subcontractor</u>
Metropolitan Life	Professional Health Research (division of PAID Prescriptions)
Computer Sciences Corp.	The Computer Company
CNA Continental Casualty	Optimum Systems Inc.
Bradford National Corp.	Engineering Research Associates and Western Bradford Trust Co.
Blue Shield Service Corp.	Electronic Data Systems Federal Corp. and California Physicians Service

Each proposal, of course, is unique, and different subcontractors have different duties.

ABOUT THE MMX

The Institute for Medicaid Management's (IMM) new publication, the Medicaid Management Exchange (MMX), is a series of administrative bulletins on Medicaid program activity, to be published 8-12 times per year, on an irregular basis. The purpose of the MMX is two-fold:

First, the MMX will be a quicker and more informal means for the Medicaid Bureau and HCFA to communicate with State Medicaid agencies and others interested in the Medicaid program. The MMX makes it possible for the Central Office to make readers aware of conferences, pending legislation, policy changes, and personnel changes on a timely basis.

The second, and more important purpose of the MMX is that of serving as a means for State Medicaid agencies to communicate with each other. The IMM believes it important for States to be aware of Medicaid related activities in other States, and sees the MMX complementing the Journal for Medicaid Management and IMM conferences and workshops in this regard.

The primary focus of the MMX will be MMIS implementation and use. State movement toward implementation will be featured, as will MMIS activities in certified States. Other subjects, including child health, fiscal agents, HMOs, and reimbursement also will be discussed in brief. The role of the MMX is one of providing up-to-date information. As such, it does not represent official Medicaid policy.

The MMX is a cooperative effort between the IMM and its readership. We hope you as a reader will submit items for publication in the MMX, such as interesting data, news about the Medicaid program in your State, or a new or interesting management technique or demonstration project.

Please submit items to:

Medicaid Management Exchange
IMM/MMB/HCFA
330 "C" Street, S.W.
Washington, D.C. 20201

We welcome you as a reader, and look forward to a long and fruitful partnership.

MMIS UPDATE--continuedCalifornia RFP--continued

The MCPP project manager reports technical evaluation is proceeding at full speed, with contractor selection now projected for early August. The average proposal runs some 7,000 pages.

Illinois MMIS Contract

THE MEDICAID BUREAU has approved ILLINOIS' selection of Delphi Associates Inc. as the contractor for MMIS design, development, and installation. System implementation is expected to occur in approximately 12 months.

Wisconsin to Computerize Eligibility

WISCONSIN'S COMPUTER RECORD NETWORK (CRN), which makes on-line eligibility determinations for all assistance programs, is scheduled for implementation. Currently in use in four counties, the CRN system makes all eligibility computations, eliminating the need for case aides to compute income or assets.

This allows faster processing of cases, and eliminates computation errors. The State anticipates a considerable cut in administrative cost and reduced error findings in future MEQC reviews. The system, which has been tested and refined over the past two years, will be implemented State-wide by 1980.

Bill Processing System Test

THE MEDICAID BILL PROCESSING SYSTEM TEST (BPST) successfully finished testing in KANSAS and NEBRASKA. The BPST tests claims processing systems by running fictitious claims containing common erroneous billing practices through a State's payment system. Kansas and Nebraska are currently evaluating test results, and will prepare corrective action plans to eliminate problem areas. NEW MEXICO and ARKANSAS began BPST installation in April.

BPST is a Federal effort aimed at helping States improve their claims processing systems. The State is provided with fictitious provider and recipient data against which a series of test claims, containing common overpayment problems, such as duplicate or conflicting claims, can be run. If BPST is incorporated into the payment system under tight controls, a State can then identify problem areas and develop corrective action plans.

States interested in installing BPST should contact the Regional Medicaid Director.

Alaska Expands Services

ALASKA HAS SUBMITTED a State plan amendment to add as a new coverage group "all individuals under age 21 receiving active treatment in psychiatric hospitals." These individuals previously had to meet either SSI disability criteria or be eligible for AFDC.

Delaware Fiscal Agent

THE FISCAL AGENT CONTRACT between The Computer Company and DELAWARE's Department of Health and Social Services was granted approval for Federal Financial Participation March 31. The contract is effective July 1, 1978, and runs for two years.

Technical Assistance Available

TECHNICAL ASSISTANCE (and some money) is available to States for the development of PSRO monitoring plans. The assistance will be delivered under a contract with Kappa Systems, Arlington, Virginia, and is available until September.

Interested States should contact the project officer, Nancy Stewart, 13A19 Parklawn, 5600 Fishers Lane, Rockville, MD 20857 (phone: 301-443-1794) or Jack Grady, State Contract Advisory Staff, Medicaid Bureau, 330 "C" Street S.W., Washington, D.C. 20201 (phone: 202-245-0514.)

Fraud Detection Units Certified

LOUISIANA'S FRAUD AND ABUSE CONTROL Unit received Federal certification on March 29, becoming the first State fraud unit to receive 90% Federal matching under the provisions of PL 95-142. The Louisiana unit is a separate branch for the investigation and prosecution of Medicaid fraud, located in the criminal division of the State Attorney General's office. Louisiana will receive about \$600,000 annually in Federal funding.

ALABAMA's fraud and abuse unit received certification for 90% matching on April 21. In addition, seven other States have applications pending in the Central Office, and about 40 applications are expected in total.

Under PL 95-142, States can receive 90% matching for Medicaid fraud and abuse detection units located outside of the single State agency administering the Medicaid program. States needing further information or requirements for certification, or on application procedures may call Bob Filant at (301) 594-1870 or Gene Whooley at (301) 594-4980 in the Office of Program Integrity, Central Office, or the Office of Program Integrity Regional Director.

A PROGRAM OF STATE ASSESSMENTS has been part of the Medicaid Bureau's ongoing efforts to improve State agency management. These assessments provide a comprehensive picture of how well a State is administering its total Medicaid program and supply information the Medicaid Bureau needs to assist States in managing their programs. The comprehensiveness of the administrative review shows how one process of the program impacts on another, and how deficiencies in one area affect the entire program.

Areas identified as program weaknesses are targeted for corrective action and possible technical assistance. "Exemplary practices" are documented to be used by other States as guidelines or models.

At the end of each review, a report is written, documenting findings. This may be used by the State as a management tool for running a more efficient program, or when problems are caused by lack of staff, may be used to support arguments to legislators and top managers for needed additional resources.

The majority of reviews are conducted by Regional Office review teams. The Central Office review team plans to review selected States from each Region, but primarily to concentrate on large States. In total, 25 reviews are planned for FY 1978.

Since January, Regional Office reviews have occurred in NORTH CAROLINA, OHIO, VERMONT, OREGON, and FLORIDA. Reviews scheduled to be completed in May, June and July include MINNESOTA, IDAHO, MICHIGAN, COLORADO, HAWAII, TENNESSEE, INDIANA, OKLAHOMA, IOWA and KANSAS. Central Office reviews are scheduled for ILLINOIS in July and CALIFORNIA in August.

For further information please contact Jim Cole, Acting Director, Division of State Management (202-245-0604) or the Regional Medicaid Director.

LEGISLATIVE LEDGER

Clinical Laboratory Improvement Act

THE HOUSE WAYS AND MEANS COMMITTEE (Ullman, D-OR, chmn.) held hearings on the Clinical Laboratory Improvement Act, HR 10909, beginning May 9. Mark-up is expected to occur shortly after the hearings. The bill has already passed the Senate (SR 705) and been reported through the House Interstate and Foreign Commerce Committee (Staggers, D-WV, chmn.) The bill tightens regulation of private clinical labs and reforms Medicaid lab reimbursement practices. (See MMX #1 for details.)

Medicare-Medicaid Administrative and Reimbursement Reform Act

THE SENATE FINANCE SUBCOMMITTEE ON HEALTH (Talmadge, D-GA, chmn.) is planning to start mark-up soon on the revised version of S 1470. This bill, the Medicare-Medicaid Administrative and Reimbursement Reform Act, is Talmadge's approach to hospital cost-containment, and also includes other reforms.

Medicaid Management Exchange--MMX

published by:

Institute for Medicaid Management
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U.S. DEPARTMENT OF HEALTH, EDUCATION
AND WELFARE
Health Care Financing Administration
Medicaid Bureau



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Scholarships Available

THE NATIONAL TRAINING AND DEVELOPMENT SERVICE for State and Local Government (NTDS) is offering \$10,000 in scholarships for government employees and officials to attend the NTDS seminar, Managing Change. This seminar, to be held July 9-29 in Park City, Utah, will center on the development of better management and executive techniques.

For more information about NTDS, the seminar, or the scholarships, contact NTDS, 5028 Wisconsin Ave., N.W., Washington, D.C. 20016, or call (202) 966-3761.

PERSONNEL

New Single State Agency Heads:

Mr. Edwin Beach	California
Mr. Jim Anderson	Washington

UPCOMING
IMM EVENTS



Fraud and Abuse Workshops for States:

Chicago	5/23-25
Portland, Oregon	6/6-8

Symposium on Medicaid for Elected
Officials:

Washington, D.C.	6/21-23
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Utilization Control Surveyor Training
for Regional Staff:

Kansas City	5/24-25
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Please contact the Institute for Medicaid Management for further information.

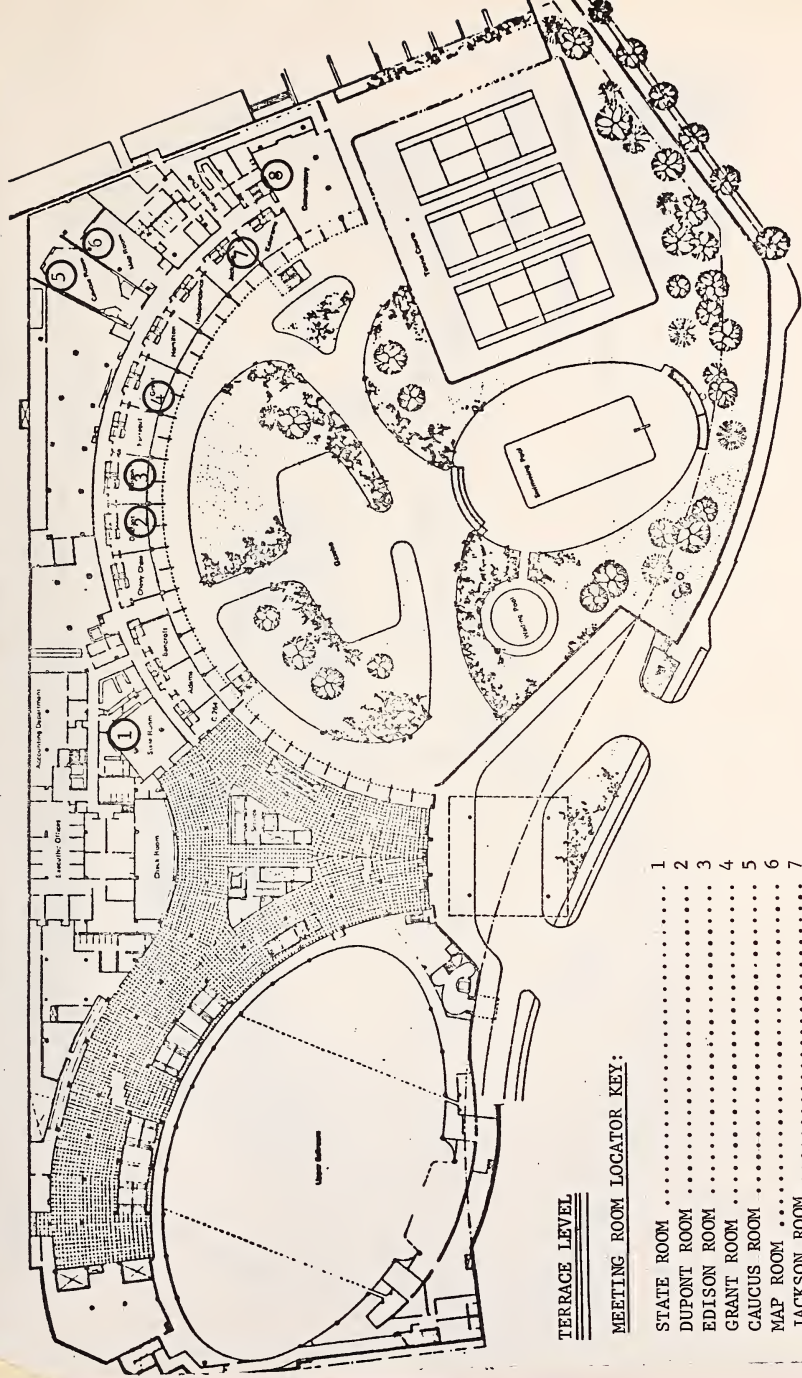
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GRANT ROOM	4
CAUCUS ROOM	5
MAP ROOM	6
JACKSON ROOM	7
CONSERVATORY ROOM	8

WASHINGTON HILTON HOTEL MEETING ROOM LOCATION GUIDE

